My Benesch My Team – Clarendon Capital

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Mark Fornasiero
Managing Partner
Clarendon Capital, LLC

Michael Raue
Partner
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Complex M&A transactions often require different law firms to handle different aspects of the deal-adding even more complexity as well as costs. But for private equity investor Clarendon Capital, Benesch's deep transactional expertise and nationally renowned Transportation & Logistics Practice eliminate the need for multiple representation. Clarendon also gains access to useful introductions and exposure to potential opportunities through Benesch's extensive Transportation & Logistics, private equity, and investment networks. It's a winning combination of legal and business capabilities that is helping Clarendon and its portfolio companies grow and thrive.

Based in the Washington, D.C., corridor, in N. Potomac, Maryland, Clarendon Capital, LLC invests in opportunities connected to the transportation, logistics, and distribution market space where its capital, expertise, and network can create substantial value-add and superior investment returns. The following is a testimonial from Clarendon Capital Managing Partner Mark Fornasiero and Partner Michael Raue.

Tell me about Clarendon Capital.

Mark Fornasiero: We are a private equity investor focused on middle market investments in the Transportation, Logistics & Distribution space. Mike and I have worked together for about three decades. We first started doing work connected to the transportation industry at an early-stage software company and then in the transportation practice of A.T. Kearney, a management consulting firm.

In 1998 we launched Clarendon to invest in niche companies with strong promise in the Transportation & Logistics sector. Now we've been investing out of the Clarendon Capital Fund and have made three investments so far over the last 18 months. We have made 11 investments in the transportation and logistics space in total, and our five exits to date have produced a five-times return on investment.

How did you start working with Benesch?

Mark Fornasiero: We've known Benesch for close to 10 years. We had a lot of interaction initially with Jim Hill, who was just a great guy. We connected at many Transportation & Logistics conferences and various investment conferences, and also got to know Jim's Benesch colleagues, Marc Blubaugh, Eric Zalud, and Peter Shelton. We were impressed early on with Benesch's strong capabilities in Transportation & Logistics and their knowledge and understanding of the details and specifics of our industry. We also learned early on that they have a strong transactional practice. And from a personal perspective, we really liked Jim, Eric, Marc, and Peter.

Benesch was hired by one of our investment companies about five years ago to support the closing of a follow-on acquisition, where they provided great counsel. Based on our positive experience, Benesch has been the lead transaction law firm for our three fund investments closed in the last 18 months and has done a great job. These were M&A deals in transportation and logistics, and one might normally hire separate firms for M&A experience and for industry expertise. Because Benesch is strong in both the transactional and transportation aspects, they were able to handle both areas for us.

Their expertise really shined on the last two platform transactions we closed this past quarter in the middle of the COVID-19 pandemic. We worked with Peter Shelton, Chris Hopkins, and various other people on the Benesch team. That's where we had the most intense use of Benesch, working concurrently to close on two proprietary deals during a very unusual time.

What do you like about working with Benesch?

Mark Fornasiero: First, their responsiveness is excellent. We've worked with a lot of law firms over the 20 years we've been doing deals here, and Benesch was extremely responsive at a critically important time as we were completing two concurrent platform investments. The fact that they have both transportation industry knowledge and a strong M&A practice really helps them understand the full set issues and how they interconnect.

Another thing is that they present themselves well and thoughtfully in discussions. Our model is we're generally looking to make a major investment in a business that's owned by an individual, family, or a group of entrepreneurs. For these owners, this is often the biggest transaction they've ever done-and they're very down-to-earth people. Benesch's professionalism in those situations has been exceptional, and instrumental in getting tough, proprietary deals completed where the stakes are very high for the individuals involved.

Benesch has also come up with some very creative ideas to help us get through important negotiating points. Benesch really thought out of the box and leveraged their full set of capabilities to help us work through critical deal issues.

The last thing I'll say is, our focus is on middle-market investments where expense efficiency is important. Benesch is highly conscious of that, and we are very comfortable that the fees associated with their work have been reasonable.

Michael Raue: I'll echo what Mark said. I evaluate attorneys on three key factors and Benesch was great in all of them.

The first bar I use is domain expertise, and Benesch has repeatedly demonstrated that they have substantial legal expertise. The second bar is overall responsiveness. Everyone on the team is great-A+. They call back quickly and get their work done on time, 100% of the time. The final bar is communication skills. As Mark said, the Benesch team are just down-to-earth, easy-to-work-with people, and they communicate extremely well with non-lawyers like Mark, myself, and the other people on our team.

Mark Fornasiero: As a corollary to that, it's worth noting that Benesch not only worked on the transactions themselves to get those closed. We've been pleased with their work, and the companies we've invested in have also been pleased with the interaction. All three of the companies in our fund have welcomed Benesch as outside general counsel for ongoing work. That's a real feather in Benesch's cap-obviously if Benesch had created an adversarial atmosphere that might not have been the case. It's a value to us to have that continuity, and Benesch certainly earned that in the way they interacted with all parties involved.

Any new deals currently in the works, or are you looking for the next opportunity?

Mark Fornasiero: We're working on a number of follow-on acquisition opportunities for our three portfolio companies. Jessica Angney has been involved with the tax structuring on one of them that has made significant progress.

Michael Raue: As Mark mentioned, Benesch does serve as outside general counsel at our three portfolio companies, so matters come up regularly. For example, as we're here talking, I got a question about an arbitration clause in a contract with one of our vendors that we're going to have Benesch review. Things like that come up all the time.

Has Benesch been beneficial in other ways?

Mark Fornasiero: Benesch has gone out of their way to create and present opportunities for us at conferences. Jim Hill, followed by Peter, Eric, and Mark, have presented opportunities to us and we've evaluated some of them. For example, they invited us to a dinner after one conference that included someone working on putting together a transportation-related investment that Benesch thought might be a good connection point for us. That led to some material discussions that didn't ultimately get to a closing, but it was certainly something interesting that we were excited to evaluate. That's happened at least twice. Benesch has also made introductions to people in our industry that have been very helpful. Eric was also hosting a panel at a transportation conference and invited Mike to be on the panel, which gave us some nice exposure. Going the extra mile is something that really differentiates Benesch.